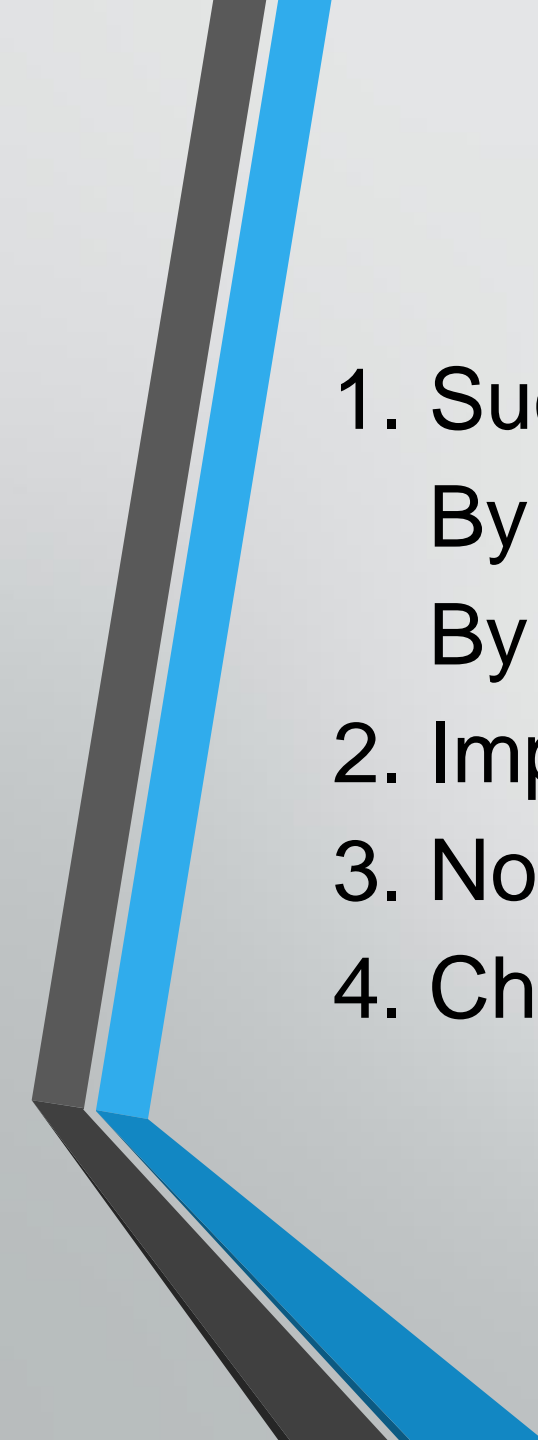




Succession Planning

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1. Succession Planning for Business
By WILL
By Operation of Law
 2. Importance of Insurance
 3. Nominee V/s Legal Heirs
 4. Check List for Family Member



Succession Planning for Business

Business

- Reason behind engaging in business is to earn profit and create wealth.
- In India most of the businesses are family oriented businesses whether it is in corporate or non - corporate structure.

Business Structure in India

- Non Corporate
 - ✓ Proprietorship Firm
 - ✓ HUF
 - ✓ Partnership Firm
- Corporate
 - ✓ Companies (Public/Pvt. Ltd) / (Listed/Unlisted)
 - ✓ Limited Liability Partnership Firm

Business

- Succession generally means the transmission of the property and the transmissible rights and obligations of the deceased.
- Under Business Succession the ownership and management are transferred to the legal heir.
- It could either be by way of a WILL or by the Operation of Law.

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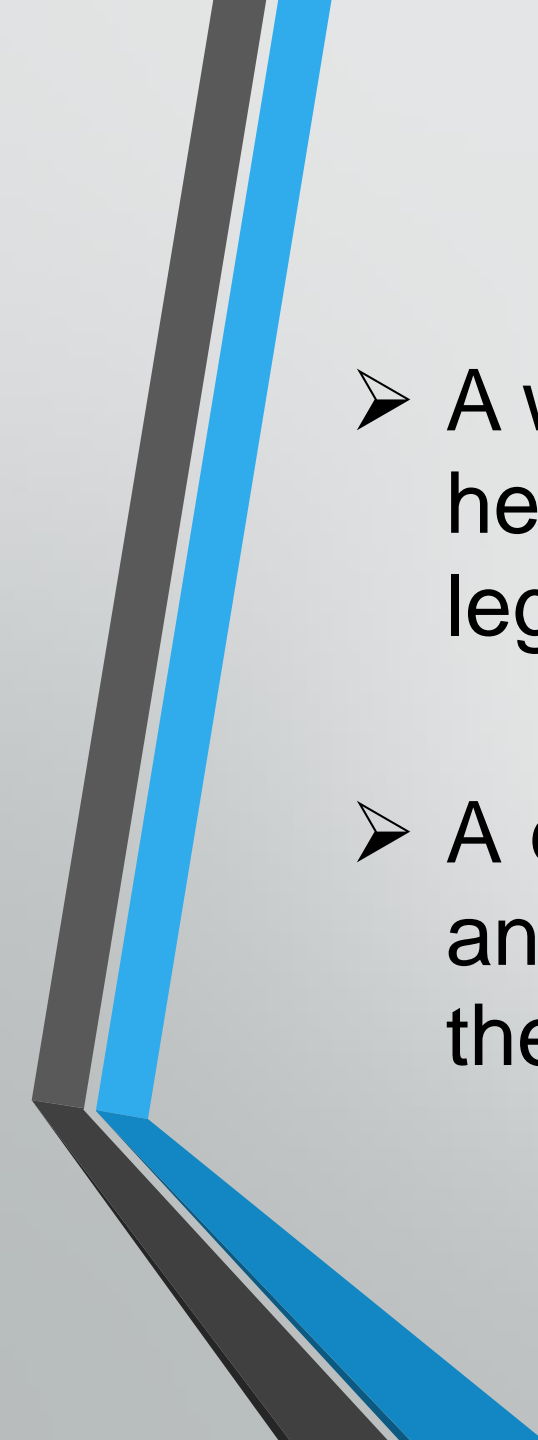
Business

Succession could be testamentary or intestamentary.

- When it is by way of a WILL of the deceased, then it is called a testamentary succession.
- When it is by operation of law (i.e., when no WILL), then it is called intestamentary succession.



Succession by WILL

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- A will indicates a wish, desire of a person by which he transfers his wealth and assets between the legal heirs.
 - A document that specifies the distribution of wealth and assets between the legal heir and others after the death of the Testator i.e (Will executor)

Characteristics:

- Legal declaration of intention.
- Declaration of testator's Wealth.
- Enforceable only after death.
- Revoked at any time by the testator in his lifetime.
- Revised n number of times.

Why do we require a WILL?

If you have WEALTH you need a WILL

- To pass on the wealth only to those people to whom he wants and avoid others.
- To eliminate disputes on succession.
- To reward non-family members.

Who can make a WILL?

- Any major person who is of sound mind.
- Deaf/dumb/blind people can make a WILL provided they know what they are doing, e.g., a WILL made by a blind person in Braille script.
- A married woman can also make a WILL.
- WILL made by a person who is heavily drunk and not in his senses is not a valid WILL.

Probate of a WILL

- Certified copy under the seal of a competent court
- Decree passed by a competent court declaring the legality/correctness and genuineness

Is Probate Mandatory

- WILL is made in the State of West Bengal, Bihar, Orissa, Assam, NCR of Delhi and municipal limits of metro cities.
- WILL made outside above territories but property is situated in above territories.

Register the WILL

- WILL registration is not mandatory.
- Advisable to register for creating its authenticity.
- No stamp duty payable on Registration, only fee required to pay.
- Both registered and unregistered WILL can be probated.

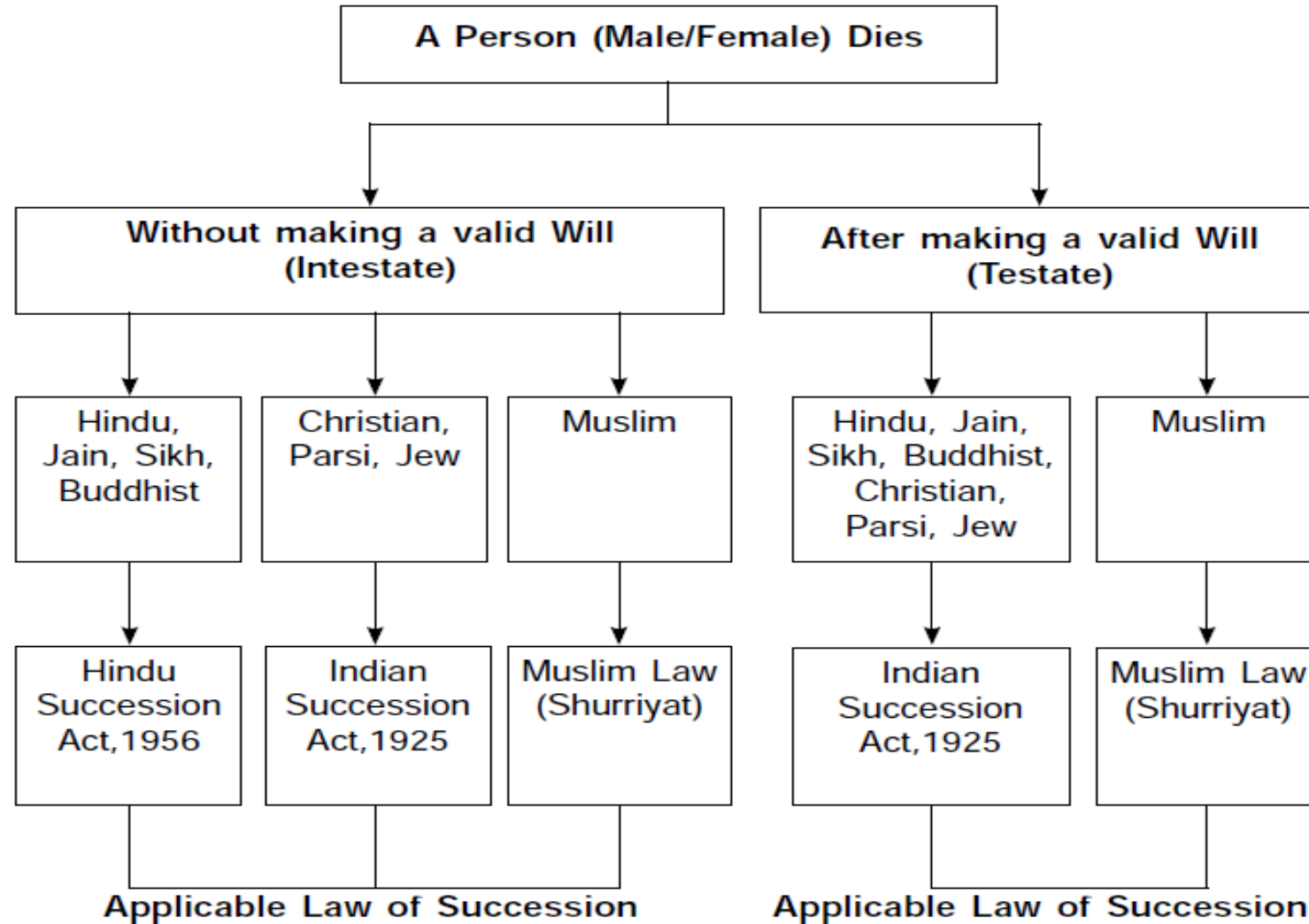


Succession by Operation of Law

Applicable laws in India for succession.

There are different laws for different communities.

- For Hindus, Sikhs, Buddhists and Jains: Hindu Succession Act, 1956
- For Muslims: Muslim Law
- For Christians, Parsis, Jews and any community other than Hindus, Muslims, Sikhs, Buddhists and Jains : Indian Succession Act, 1925



Rule of Inheritance under Hindu Succession contains

Order for Inheritance

- 1st - Class 1 legal heir
- 2nd - Class 2 legal heir class 1 heir
- 3rd - Agnates
- 4th - Cognates

List of Class I legal Heirs

- Son,
- Daughter,
- Widow,
- Mother,
- Son / daughter of a predeceased son/daughter (i.e Grandson and Granddaughter),
- Widow of a predeceased son,(i.e Daughter-in-Law)

Cont..

List of Class I legal Heirs

- Son/daughter/widow of a predeceased son of a predeceased son (i.e Son/daughter/widow of Grandson)

Note:

- The above Class I heirs take the property simultaneously and in priority succession to all other heirs.

Cont..

List of Class I legal Heirs

- The intestate's widow and if there are more than one such widow, then all of them taken together, take one share. The widow is permitted to receive this share even if she subsequently remarries.
- The intestate's children, mother, and widow each take one equal share. It does not matter whether the daughter is unmarried or married.
- The heirs in the branch of each predeceased child take one share between them.

List of Class II legal Heirs

- Father
- Son's daughter's children; Brothers; Sisters
- Daughter's grandchildren
- Children of Siblings
- Father's parents
- Father's widow (step-mother), Brother's widow
- Father's siblings

Cont..

List of Class II legal Heirs

- Mother's parents
- Mother's siblings

Note: Among the heirs specified in Class II, those in the first entry take the property simultaneously and in exclusion to those in the subsequent entries and soon and so forth. Thus, if the father is surviving, he takes the property in exclusion to all other Class II heirs. All the heirs specified in one entry get an equal share in the property.

Agnates

Two people are called Agnates of each other if they are related (by blood or by adoption) wholly through males.

Cognates

On the other hand, two people are called Cognates of each other if they are related (by blood or by adoption) but not wholly through males.

Female Intestate Succession

- Any property acquired by a Hindu female shall be held by her as full owner and not as a limited owner as earlier.
- Whether immovable or moveable.
- A female Hindu has absolute power to deal with her property and she can dispose of her property by way of a will, gift, etc.

Succession under HUF

On the death of a male Hindu, his interest in a Hindu Undivided Family (HUF) passes by any one of the following two modes:

- If no WILL is prepared in respect of the undivided share, then it devolves by rule survivorship upon the other surviving members.

Thus, if a father dies, then his interest in the HUF will devolve by survivorship upon the other HUF members.

Cont..

Succession under HUF

- As per the Hindu Succession Act,
Share in the HUF can be willed away.

However, it is important to remember that this provision can only apply if the Hindu has not already disposed of his interest in the HUF by way of a WILL.

Share of Daughter

- A Hindu daughter would become a co-parcener in the HUF property.
- If there is a partition of the HUF, she is entitled to an equal share same as son.
- In case of a pre-deceased daughter eligible for such a share, her share would be allotted to her surviving children.
- Also become a KARTA in Father HUF even after her marriage



Importance of Insurance

Type of Insurances

- Life Insurance
- Medical Insurance
- Accidental Insurance
- Property Insurance
- Travel Insurance

Purpose of Insurances

- Security in old age
- Security against any uncertainty
- Investment options
- Achieve future goal plan



Nominee

v/s

Legal Heirs

Purpose of Insurances

- In several cases, the deceased has made a nomination and he has also made a will.
- question which often arises is which is superior - the will or the nomination made by the deceased member
- The nomination continues only till the will is executed
- Nomination does not confer any permanent right upon the nominee nor does it create any legal right in his favour



CHECKLIST FOR FAMILY

Immediate Action

Possession of the following belongings of the deceased person

- Mobile Phone
- Email Id assess
- Chequer Books
- Debits and Credit Cards

Consolidation of documents and Importance details

- With regards to bank
- ✓ Account number saving account and PPF A/c's
- ✓ Post office saving scheme, National Saving Certificates
- ✓ Bank locker details
- ✓ Nominee details
- ✓ Details of Deposit

Cont..

Consolidation of documents and Importance details

➤ With regards to Investments

✓ Nature of Investment

❖ Immovable Properties

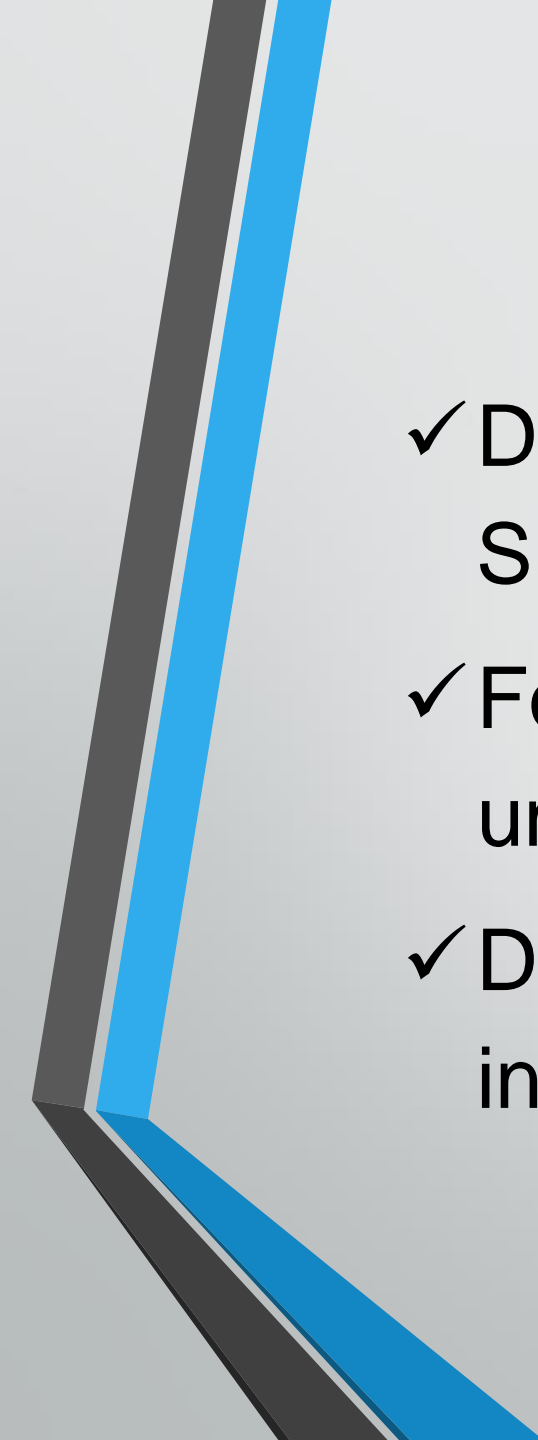
❖ Mutual Funds, ULIP & SIP

❖ LIC

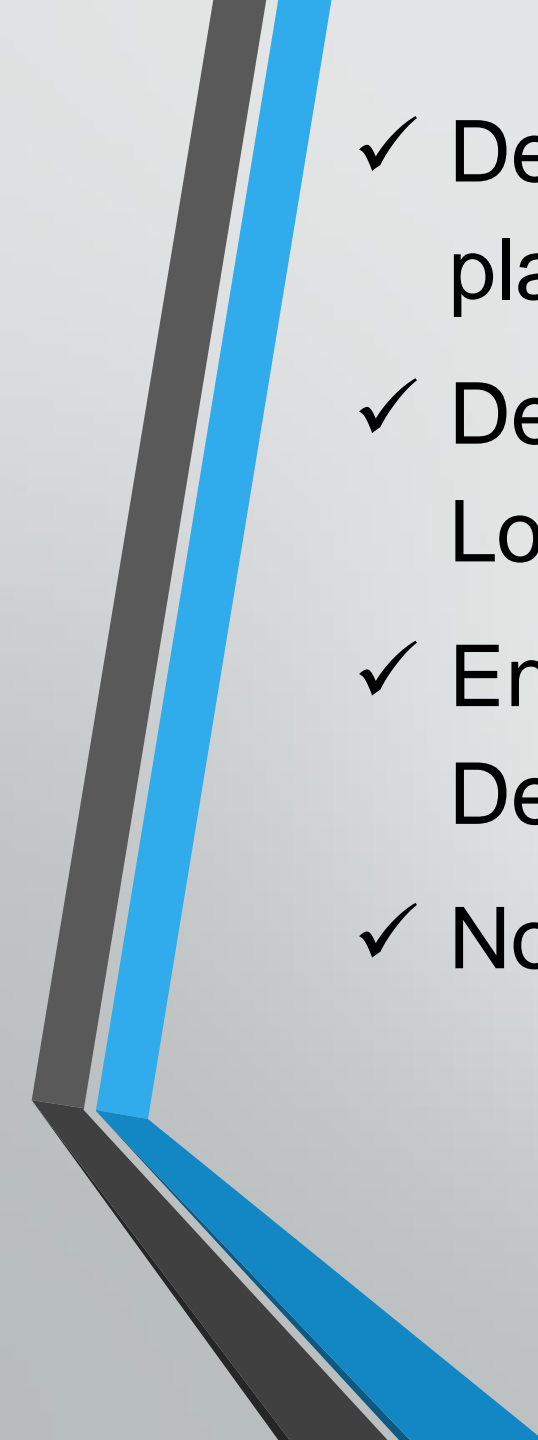
❖ Share in Listed Co. or Unlisted Co.

❖ PPF, Post office saving scheme, NSC

Cont..

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- ❖ Jewelleries other Metal Precious Metals
 - ❖ Crypto Currency
 - ✓ Details of Co. in which funds are invested in case of Share, Mutual Funds, ULIP & SIP and LIC's
 - ✓ Folio Number, certificate Number (must in case of unlisted companies)
 - ✓ Details of Active Investment i.e Premium or Amount invested regularly as per payment plan choice.

Cont..

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- ✓ Details of Inactive Investment i.e one time payment plan investment.
 - ✓ Details of Liabilities against the Investment i.e Home Loan, details of Policy against the home loan if any
 - ✓ Ensure Nomination in Bank Account, Deposit Scheme, De-mat Accounts, Life & Medical Policies etc.
 - ✓ Nomination for **Social Media accounts**

In the digital era the details of every person are linked with their email id and phone number. Even banks are also sharing their confidential details on registered email ids and phone numbers.



THANK YOU

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